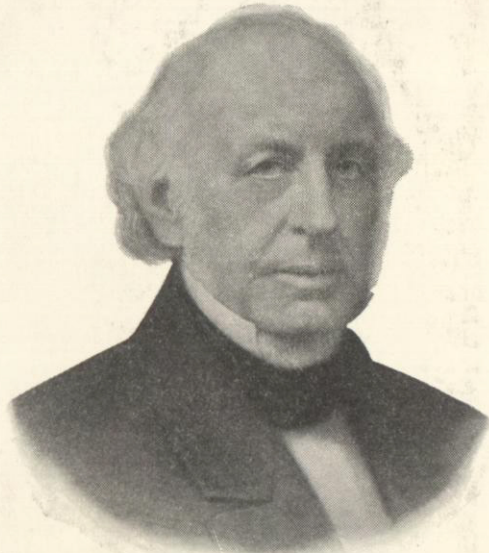


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MATTHIAS W. BALDWIN, FOUNDER

ANNUAL REPORT 1934

THE BALDWIN LOCOMOTIVE WORKS CONSOLIDATED

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TWENTY-FOURTH ANNUAL REPORT

THE
BALDWIN LOCOMOTIVE WORKS

PHILADELPHIA, PA.



CONSOLIDATED WITH

STANDARD STEEL WORKS COMPANY

CRAMP BRASS AND IRON FOUNDRIES COMPANY

BALDWIN-SOUTHWARK CORPORATION

DE LA VERGNE ENGINE COMPANY

THE PELTON WATER WHEEL COMPANY

THE WHITCOMB LOCOMOTIVE COMPANY

THE MIDVALE COMPANY

and

SUBSIDIARIES

December 31, 1934

THE BALDWIN LOCOMOTIVE WORKS

Incorporated under the Laws of the State of Pennsylvania

DIRECTORS

| | |
|----------------------|---------------|
| SAMUEL M. VAUCLAIN | Rosemont, Pa. |
| SYDNEY E. HUTCHINSON | Philadelphia |
| SIDNEY F. TYLER | Philadelphia |
| ARTHUR W. SEWALL | Philadelphia |
| FRANCIS M. WELD | New York City |
| JOSEPH N. EWING | Philadelphia |
| GEORGE H. HOUSTON | Philadelphia |
| EDWARD F. FISHER | Detroit |
| THOMAS NEWHALL | Philadelphia |
| JOHN P. SYKES | Philadelphia |
| W. HINCKLE SMITH | Philadelphia |
| LIVINGSTON E. JONES | Philadelphia |
| CONRAD N. LAUER | Philadelphia |
| ROBERT C. SHIELDS | Detroit |

OFFICERS

| | |
|-------------------------|---|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | President |
| JOHN P. SYKES | Vice-President |
| ROBERT S. BINKERD | Vice-President and Director of Sales |
| HARRY GLAENZER | Vice-President in Charge of Engineering |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |
| CARLOS F. NOYES | Comptroller |

GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS
Philadelphia

PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

TRANSFER AGENTS

IN PHILADELPHIA:

Fidelity-Philadelphia Trust Company,
135 South Broad Street

IN NEW YORK:

Bankers Trust Co., 16 Wall Street

REGISTRARS OF STOCK

IN PHILADELPHIA:

The Pennsylvania Company for Insurances on Lives and Granting Annuities,
15th and Chestnut Streets

IN NEW YORK:

Guaranty Trust Company of New York,
140 Broadway

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TO THE STOCKHOLDERS:

The following report of the business of your Company for the fiscal year ended December 31, 1934, is submitted on behalf of the Board of Directors. This report includes:

Summary of Operations since 1911.

Consolidated Balance Sheet as of December 31, 1934.

This Balance Sheet shows separately the assets and liabilities of The Midvale Company and of the consolidated Company other than The Midvale Company.

Consolidated Statements of Profit and Loss, Surplus and General Reserves for the year 1934.

Auditors' Report.

A copy of the annual report of The Midvale Company for the year 1934 is being mailed with this report for the further information of the stockholders as to the affairs of that company.

Consolidated sales for the year 1934, exclusive of inter-company transactions, totalled \$14,554,444.98. Sales of locomotive products amounted to \$3,396,733.10. 77 per cent of the total volume of business was outside of the locomotive field as compared with 87 per cent for the year 1933. Unfilled orders on hand at the end of 1934 totalled \$9,462,712 as compared with \$4,358,634 at the beginning of the year.

The year's operations resulted in a loss of \$749,302.75 before interest and depreciation, to which must be added interest charges of \$1,092,958.04 and depreciation reserves accrued during the year of \$1,856,233.79.

Consolidated sales, sales of locomotive products and profit and loss results before interest and depreciation for the five years from 1930 through 1934 were as follows:

| | Consolidated Sales | Sales of Locomotive Products | Profit or Loss before Interest and Depreciation | |
|----------|-----------------------|------------------------------------|---|--------|
| 1930.... | \$49,872,455.61 | \$31,026,055.09 | \$5,981,268.46 | Profit |
| 1931.... | 20,436,342.75 | 6,197,035.62 | 1,181,970.46 | Loss |
| 1932.... | 10,596,859.10 | 3,034,694.01 | 1,095,496.48 | " |
| 1933.... | 8,250,319.12 | 1,037,104.10 | 870,442.59 | " |
| 1934.... | 14,554,444.98 | 3,396,733.10 | 749,302.75 | " * |

(* To be comparable with prior years, there should be deducted from the loss here shown, \$157,150 of interest, accrued and not paid when due on November 1st, upon First Mortgage Bonds held alive in the Sinking Fund. Such interest when paid should be taken up in Income. Deducting this amount would leave a loss of \$592,152.75.)

The stated value of the Company's common stock outstanding at December 31, 1933, was reduced by action of the Stockholders at their last annual meeting from \$20.98 per share to \$10.00 per share, as recommended in the last annual report. This resulted in an increase in the capital surplus in the sum of \$11,586,000 out of which a general reserve of \$8,000,000 was created for the purpose of effecting adjustments in the book value of certain items of property, plant and equipment and of investments as recommended in the last annual report. Charges have been made to this general reserve in the sum of \$1,397,342.45 representing reductions in the book value of property, plant and equipment. In addition there has been created out of this general reserve a specific reserve in the sum of \$3,002,950 for marking down the net value at which the Company carries its investment in General Steel Castings Corporation common stock. It is anticipated that the greater part of the remainder of this general reserve may be required for effecting certain other adjustments in the book value of property, plant and equipment.

Collections during the year of current accounts receivable were satisfactory. Further progress was made in the collection of past due receivables, previously considered questionable. As a result, the reserves provided in prior years for losses anticipated in these accounts were found excessive and were reduced by a transfer to general reserves of \$374,000.

Inventories were increased substantially during the year due to the larger volume of work in process. They were checked throughout by physical count. Raw materials and bulk supplies were priced at the lower of cost or market; miscellaneous supplies, work in process and finished product were priced at cost or less, a large portion being covered by sales orders at prices in excess of inventory value, the remainder being valued conservatively in the opinion of your officers, by the provision of reserves for losses anticipated from obsolescence. Due to the low volume of the Company's business in recent years, an increasing amount of obsolescence of inventory has been experienced. Because of this condition the reserve for inventory losses from obsolescence was increased by a charge to general reserves of \$115,487.24.

Consolidated net current assets were decreased from \$13,498,039.38 on January 1st to \$10,203,806.86 on December 31st. The net current assets of The Midvale Company were decreased during this period from \$7,526,250.29 to \$4,178,850.32, this change being due to (a) a distribution of \$4,000,000 cash in reduction of capital effected during the year, and (b) an increase in net current assets of \$652,600.03 arising from operations during the period.

First Mortgage Bonds were outstanding in the hands of the public on December 31st in the sum of \$2,676,000 principal amount. \$323,755.44 were paid into the First Mortgage Sinking Fund during the year. Due to a shortage in working capital the Board of Directors decided not to pay the interest

coupons due November 1st in the sum of \$157,150 upon the First Mortgage Bonds held alive in the sinking fund, but authorized the purchase by the company of interest coupons due November 1st upon the First Mortgage Bonds outstanding in the hands of the public. Consolidated Mortgage Bonds were outstanding on December 31st in the sum of \$10,473,600 principal amount, this indebtedness having been reduced by \$470,800 during the year through the application to that purpose of the proceeds of common stock sales arising from the exercise of warrants.

The Company's securities, listed on the New York Stock Exchange, have been temporarily registered under regulations of the Securities and Exchange Commission.

The Company's various activities were carried on during the year under specific codes of fair competition where applicable, otherwise under the President's Reemployment Agreement. The requirements of these codes and of the President's Reemployment Agreement increased production costs substantially. Competition prevented a corresponding increase in sales prices so that the margin between sales price and prime cost was abnormally low. A large portion of the business done by the Company during the year was financed by advances to purchasers of the Company's products by the Public Works Administration, operating under Title II of the National Industrial Recovery Act. The financing of railroad equipment by this medium has been particularly successful from the viewpoint of the volume of employment created in proportion to the volume of financing done and with regard to the promptness with which the securities resulting from some of these transactions have been marketed by the government agency holding them.

The outlook for 1935 is uncertain. The Company started the year with more orders on hand than at the beginning of any other year since 1930. These orders were taken at close prices, however, and are being performed now under the same conditions of high cost which prevailed during 1934.

The operating losses experienced since 1931 were continued during 1934 in a somewhat reduced amount. These losses, together with amortization charges under the Company's First Mortgage, have depleted the Company's working capital until it is inadequate for present operating requirements and the payment of fixed charges.

Plans for meeting this difficult situation by reduction of fixed charges and provision of additional working capital are now being formulated and, when ready, will be submitted to all classes of security holders for their consideration.

We wish to express our appreciation for the support and co-operation of the officers and other members of the organization.

Respectfully submitted,

GEORGE H. HOUSTON,
President.

February 11, 1935.

THE BALDWIN LOCOMOTIVE WORKS

Summary of Operations, July 1, 1911—December 31, 1934

| Year | Gross Sales | Profit | Reserves, Etc. | Dividend | Increase In Surplus From Operations For Year | Adjustments | Surplus |
|-------------------|--------------------|------------------|----------------|-----------------|--|---------------|---------------|
| 1911 (6 mos.) | \$14,589,645.26 | \$1,671,419.32 | ..... | \$900,000.00 | \$771,419.32 | ..... | \$771,419.32 |
| 1912 | 28,924,335.16 | 3,698,571.44 | ..... | 1,800,000.00 | 1,898,571.44 | ..... | 2,669,990.76 |
| 1913 | 37,630,969.21 | 4,017,800.33 | ..... | 1,800,000.00 | 2,217,800.33 | ..... | 4,887,791.09 |
| 1914 | 13,616,163.36 | 365,229.92 | \$15,000.00 | 1,800,000.00 | 1,449,770.08* | ..... | 3,438,021.01 |
| 1915 | 22,083,011.06 | 2,867,816.17 | 40,000.00 | 1,400,000.00 | 1,427,816.17 | ..... | 4,865,837.18 |
| 1916 | 59,219,057.99 | 9,444,641.91 | 3,960,854.87 | 1,400,000.00 | 4,083,787.04 | ..... | 8,949,624.22 |
| 1917 | 98,263,865.33 | 11,193,840.66 | 2,888,118.36 | 1,400,000.00 | 6,905,722.30 | ..... | 55,346.52 |
| 1918 | 123,179,251.99 | 18,262,112.05 | 15,009,816.51 | 1,400,000.00 | 1,852,295.54 | ..... | 1,907,642.06 |
| 1919 | 84,307,776.72 | 8,871,243.30 | 3,095,000.00 | 2,100,000.00 | 3,676,243.30 | ..... | 6,554,412.96 |
| 1920 | 73,542,666.49 | 8,407,269.75 | 3,978,751.03 | 2,800,000.00 | 1,628,518.72 | 2,830,505.69 | 11,013,437.37 |
| 1921 | 49,945,506.24 | 8,962,273.10 | 3,918,176.63 | 2,800,000.00 | 2,244,096.47 | ..... | 13,257,533.84 |
| 1922 | 33,087,258.62 | 6,765,514.43 | 1,558,995.38 | 2,800,000.00 | 2,406,519.05 | 3,266,725.00 | 18,930,777.89 |
| 1923 | 102,762,075.28 | 11,931,521.93 | 8,215,057.62 | 2,800,000.00 | 916,464.31 | ..... | 19,847,242.20 |
| 1924 | 26,080,352.27 | 1,920,026.77 | 600,000.00 | 2,800,000.00† | 1,320,026.77 | 2,800,000.00‡ | 18,367,268.97 |
| 1925 | 27,876,064.14 | 196,563.95 | ..... | 2,800,000.00† | 196,563.95 | 2,800,000.00‡ | 15,763,832.92 |
| 1926 | 47,891,668.91 | 6,492,422.39 | 608,515.42 | 2,800,000.00† | 5,883,906.97 | 2,800,000.00‡ | 18,847,739.89 |
| 1927 | 32,901,143.07 | 3,705,446.70 | 1,263,246.87 | 2,800,000.00† | 2,442,199.83 | 5,437,881.01§ | 15,852,058.71 |
| 1928 | 22,531,349.44 | 932,210.96 | 600,000.00 | 2,800,000.00† | 332,210.96 | 3,074,377.08\|\| | 13,109,892.59 |
| 1929 ^o | 42,796,587.76 | 4,651,920.01⊖ | 1,710,000.00 | 2,837,629.11† | 2,300,462.83 | 258,420.22 | 23,431,001.11 |
| 1930 ^o | 49,872,455.61 | 5,457,852.50⊖ | 1,779,456.28 | 2,831,512.67 | 205,111.18 | 70,039.50 | 23,706,131.79 |
| 1931 ^o | 20,436,342.75 | 2,021,151.08*⊖ | 1,800,190.00 | ..... | 4,822,759.10* | 1,553,758.16 | 17,329,634.53 |
| 1932 ^o | 10,596,859.10 | 2,331,417.12*⊖ | 1,846,022.08 | 700,000.00 | 4,078,131.96* | 139,447.48 | 13,112,055.09 |
| 1933 ^o | 8,250,319.12 | 2,003,896.35*⊖ | 1,848,477.80 | ..... | 3,857,743.55* | 3,579.24 | 9,250,732.30 |
| 1934 ^o | 14,554,444.98 | 1,602,022.97*⊖ | 1,856,233.79 | ..... | 3,698,494.58* | 3,534,850.23# | 9,087,087.95 |
| | \$1,044,939,169.86 | \$111,857,210.07 | | \$45,569,141.78 | | | |

* Deficit.

† From Reserves.

‡ For Dividends Subsequent Year.

§ Dividends 1928 and Accumulated Depreciation.

|| Dividends 1929 and Accumulated Depreciation.

⊖ Consolidated.

⊖ Before Deduction of Subsidiary Company Minority Equities.

Represents increase in Capital Surplus created by reduction in stated value of common stock, less general reserve created in the sum of \$8,000,000 and miscellaneous adjustments.

THE BALDWIN LO

CONSOLIDATED BALANCE S

| ASSETS | Consolidated Total | Including Subsidiaries other than Midvale | The Midvale Company |
|---|------------------------|--|---------------------------|
| Property, Plant and Equipment..... | \$71,823,483.40 | \$60,172,077.26 | \$11,651,406.14 |
| Less Reserve for Depreciation..... | 24,456,289.95 | 20,179,657.59 | 4,276,632.36 |
| | <u>\$47,367,193.45</u> | <u>\$39,992,419.67</u> | <u>\$7,374,773.78</u> |
| First Mortgage Bond Sinking Fund: | | | |
| First Mortgage Bonds and Cash..... | \$ 7,326,430.24 | \$7,326,430.24 | — |
| (Interest due November 1, 1934 unpaid, \$157,150.00 per contra, not included in this total#) | | | |
| First Mortgage on Real Estate owned by Company.... | 300,000.00 | 300,000.00 | — |
| | <u>\$7,626,430.24</u> | <u>\$7,626,430.24</u> | |
| Consolidated Mortgage Bond Sinking Fund..... | <u>\$191.42</u> | <u>\$191.42</u> | — |
| Investments: | | | |
| General Steel Castings Corporation Common Stock (at cost less reserve, \$3,002,950.00)..... | \$2,000,000.00 | \$2,000,000.00 | — |
| *The Baldwin Locomotive Works Preferred Stock owned by Midvale, 2000 shares at cost (Value at market quotation, December 31, 1934, \$47,500.00)..... | 139,001.75 | — | — |
| The Midvale Company stock at cost less capital distribution | | 926,879.38 | — |
| Other Investments (less reserve, \$26,000.00)..... | 406,473.19 | 363,967.19 | \$42,506.00 |
| | <u>\$2,545,474.94</u> | <u>\$3,290,846.57</u> | <u>\$42,506.00</u> |
| Notes and Other Credit Instruments and Accounts Re- ceivable not realizable within one year (including past due foreign items, \$2,268,860.00, and less reserve, \$2,575,867.88)..... | <u>\$100,476.50</u> | <u>\$92,005.24</u> | <u>\$8,471.26</u> |
| Current Assets: | | | |
| Cash on Deposit and on Hand..... | \$3,451,411.76 | \$1,496,977.67 | \$1,954,434.09 |
| Sundry Securities (less reserve, \$561,050.48. Value at market quotations, December 31, 1934, \$362,775.00). | 231,329.18 | 4,754.66 | 365,576.27 |
| Notes and Other Credit Instruments and Accounts Re- ceivable due in 1935 (less reserve, \$530,804.74)..... | 2,239,961.73 | 1,667,538.84 | 576,078.64 |
| Inventories of Raw Materials, Supplies, Work in Pro- cess and Finished Products (less reserve, \$773,346.14) | 6,780,075.92 | 4,886,271.87 | 1,893,804.05 |
| (Raw materials and bulk supplies are priced at the lower of cost or market. Miscellaneous supplies, work in process and finished products are priced at cost or less, a large portion being covered by sales orders at prices in excess of inventory value, the remainder being valued conservatively, in the opinion of the management, by the provision of reserves considered adequate for losses antici- pated from obsolescence) | <u>\$12,702,778.59</u> | <u>\$8,055,543.04</u> | <u>\$4,789,893.05</u> |
| Deferred Charges..... | <u>\$246,538.52</u> | <u>\$201,507.29</u> | <u>\$45,031.23</u> |
| | <u>\$70,589,083.66</u> | <u>\$59,258,943.47</u> | <u>\$12,260,675.32</u> |

See reference in President's Letter.

* Included in Sundry Securities of The Midvale Company.

Dividends on preferred stock unpaid since Ju
Contingent liability on notes discounted, \$42

COMOTIVE WORKS

HEET, DECEMBER 31, 1934

| LIABILITIES | Consolidated Total | Including Subsidiaries other than Midvale | The Midvale Company |
|--|-----------------------|--|---------------------------|
| First Mortgage 5% Sinking Fund Gold Bonds, due 1940, of which \$7,324,000 are in Sinking Fund | \$10,000,000.00 | \$10,000,000.00 | — |
| Five Year 6% Consolidated Mortgage Bonds, due 1938.. | \$10,473,600.00 | \$10,473,600.00 | — |
| Current Liabilities: | | | |
| Notes Payable (including bank loan \$13,758.47 since paid, secured by receivables)..... | \$89,418.71 | \$89,418.71 | — |
| Accounts Payable..... | 1,323,279.79 | 1,153,654.17 | \$173,281.37 |
| Interest due November 1, 1934 on First Mortgage 5 % Bonds in Sinking Fund..... | 157,150.00# | 157,150.00# | — |
| Accrued Accounts: | | | |
| Payroll, Commissions, Etc..... | 236,946.17 | 153,480.13 | 83,466.04 |
| Interest..... | 290,923.94 | 290,923.94 | — |
| Taxes..... | 192,556.55 | 153,140.14 | 39,416.41 |
| Advances Received on Sales Contracts..... | 208,696.57 | 32,819.41 | 175,877.16 |
| | \$2,498,971.73 | \$2,030,586.50 | \$472,040.98 |
| General Reserves..... | \$3,865,984.99 | \$3,824,444.83 | \$41,540.16 |
| Miscellaneous Reserves and Deferred Credits..... | 269,319.61 | 183,804.18 | 85,515.43 |
| | \$4,135,304.60 | \$4,008,249.01 | \$127,055.59 |
| Equity of Minority Stockholders in the Capital Stock and Surplus of: | | | |
| The Midvale Company, 38.55%..... | \$4,495,538.60 | — | — |
| The Whitcomb Locomotive Company, 8.05%..... | 34,280.78 | \$34,280.78 | — |
| | \$4,529,819.38 | — | — |
| Capital Stock and Surplus: | | | |
| Preferred Stock, 7% Cumulative, \$100. par, Authorized and Issued, 200,000 shares..... | \$20,000,000.00 | \$20,000,000.00 | — |
| Common Stock, no par: | | | |
| Authorized, 2,000,000 shares | | | |
| Issued, 1,148,060 "..... | 11,014,300.00 | 11,014,300.00 | — |
| (174,940 shares are held for issuance at \$5.00 per share upon exercise of warrants attached to con- solidated mortgage bonds) | | | |
| Common Stock of The Midvale Company..... | — | — | \$10,574,621.02 |
| Surplus as per annexed statement..... | 9,087,087.95 | 2,847,927.18 | 1,086,957.73 |
| | \$40,101,387.95 | \$33,862,227.18 | \$11,661,578.75 |
| Less Common Stock in Treasury, 50,000 shares..... | 1,150,000.00 | 1,150,000.00 | — |
| | \$38,951,387.95 | \$32,712,227.18 | \$11,661,578.75 |
| | \$70,589,083.66 | \$59,258,943.47 | \$12,260,675.32 |

ly 1, 1931, amounting to \$24.50 per share.
9,980.54.

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1934

| | | |
|---|------------------|-----------------------|
| Sales..... | | \$14,554,444.98 |
| Less: | | |
| Cost of Sales, including Selling, Administrative and General Expenses..... | \$15,088,657.78 | |
| Provision for Depreciation..... | 1,856,233.79 | |
| | | <u>16,944,891.57</u> |
| Operating Loss..... | | \$2,390,446.59 |
| Other Income: | | |
| Dividends..... | \$22,411.12 | |
| Interest and Discount..... | 279,878.41 * | |
| Miscellaneous..... | 75,153.43 | |
| | | <u>377,442.96</u> |
| Operating Loss less Other Income..... | | \$2,013,003.63 |
| Other Expenses: | | |
| Interest..... | \$1,092,958.04 # | |
| Miscellaneous..... | 306,679.54 | |
| Provision for Federal Income Tax..... | 45,615.55 | |
| | | <u>1,445,253.13</u> |
| Loss for the Year..... | | \$3,458,256.76 |
| Equity of Minority Stockholders in: | | |
| Net Profit of The Midvale Company..... | \$243,864.01 | |
| Loss of The Whitcomb Locomotive Company..... | 3,626.19 | |
| | | <u>240,237.82</u> |
| Loss Accrued to The Baldwin Locomotive Works Consolidated | | <u>\$3,698,494.58</u> |

* Includes \$149,171.14 interest paid on First Mortgage Bonds held in Sinking Fund.

Includes \$321,300 interest accrued on First Mortgage Bonds held in Sinking Fund.

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED STATEMENT OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1934

| | Consolidated Total | Including Subsidiaries other than Midvale | The Midvale Company |
|--|------------------------|--|------------------------|
| Balance January 1, 1934: | | | |
| Earned Surplus..... | \$2,311,964.32 | \$2,324,148.01 | \$737,604.29 |
| Capital Surplus..... | 6,938,767.98 | 902,101.21 | — |
| | <u>\$9,250,732.30</u> | <u>\$3,226,249.22</u> | <u>\$737,604.29</u> |
| Add: | | | |
| Increase resulting from reduction of the stated value of 1,054,800 shares of common stock out- standing at December 31, 1933, from.....\$22,134,000.00 to a stated value of \$10 per share 10,548,000.00 | | | |
| | | | <u>\$11,586,000.00</u> |
| Less amount trans- ferred to General Reserve..... 8,000,000.00 | | | |
| | 3,586,000.00 | 3,586,000.00 | — |
| Profit for the Year 1934..... | — | — | 632,591.47 |
| | <u>\$12,836,732.30</u> | <u>\$6,812,249.22</u> | <u>\$1,370,195.76</u> |
| Deduct: | | | |
| Loss for the Year 1934..... | \$3,698,494.58 | \$3,964,322.04 | — |
| Federal Income Tax paid for prior Years (less portion charged to reserve)..... | 51,149.77 | — | \$83,238.03 |
| Dividend paid..... | — | — | 200,000.00 |
| | <u>\$3,749,644.35*</u> | <u>\$3,964,322.04*</u> | <u>\$283,238.03</u> |
| Balance at December 31, 1934..... | <u>\$9,087,087.95</u> | <u>\$2,847,927.18</u> | <u>\$1,086,957.73</u> |

* Operating Loss for the year was charged against earned surplus to the extent available and the remainder was charged against capital surplus.

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED STATEMENT OF GENERAL RESERVES FOR THE YEAR ENDED DECEMBER 31, 1934

| | |
|---------------------------------|-------------|
| Balance at January 1, 1934..... | \$28,655.49 |
|---------------------------------|-------------|

Add:

| | |
|--|----------------|
| Transferred from Capital Surplus | 8,000,000.00 |
| " " reserves for receivables..... | 374,000.00 |
| " " miscellaneous reserves..... | 30,040.16 |
| | <hr/> |
| | \$8,432,695.65 |

Deduct:

| | |
|--|----------------|
| Reserve created for reduction in value at which Company carries its investment in common stock of General Steel Castings Corporation | \$3,002,950.00 |
| Reduction in book value of property, plant and equipment | 1,397,342.45 |
| Increase of reserves for inventory obsolescence..... | 115,487.24 |
| Miscellaneous charges..... | 50,930.97 |
| | <hr/> |
| | 4,566,710.66 |

| | |
|-----------------------------------|----------------------|
| Balance at December 31, 1934..... | <hr/> \$3,865,984.99 |
|-----------------------------------|----------------------|

TO THE BOARD OF DIRECTORS OF
THE BALDWIN LOCOMOTIVE WORKS:

We have examined the accounts of The Baldwin Locomotive Works and its subsidiaries, other than The Midvale Company, as at December 31, 1934, and have received the certified statements of The Midvale Company prepared by Messrs. Arthur Young & Company.

The inventory of raw materials and bulk supplies is priced at the lower of cost or market, and all other inventory items are priced at cost or lower, as stated more fully in the balance sheet.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss, surplus and general reserves set forth correctly in accordance with the explanation therein given, the consolidated financial position of the companies at December 31, 1934, and the results of their operations for the year then ended.

LYBRAND, ROSS BROS. & MONTGOMERY.

PHILADELPHIA, PENNA.

February 8, 1935.

THE BALDWIN LOCOMOTIVE WORKS

DISTRICT SALES MANAGERS UNITED STATES

| | | |
|---------------------|--------------------|-------------------------|
| PHILADELPHIA, PA. | STEWART McNAUGHTON | Eddystone |
| CHICAGO, ILL. | CHARLES RIDDELL | 627 Railway Exchange |
| NEW YORK, N. Y. | JOSEPH F. HOERNER | 120 Broadway |
| PORTLAND, ORE. | ARTHUR J. BEUTER | 721 American Bank Bldg. |
| ST. LOUIS, MO. | CURTIS G. GREEN | 1010 Pine Street |
| SAN FRANCISCO, CAL. | LATHAM McMULLIN | 2910 Russ Building |

FOREIGN SALES REPRESENTATIVES AND AGENTS

EDWARD P. WILLIAMS, JR. - FOREIGN SALES MANAGER

| | | |
|---|---|--|
| AFRICA (South)..... | 120 CULLINAN BUILDINGS, JOHANNESBURG..... | Edmunds Bros. & Marshall |
| ARGENTINA AND PARAGUAY.. | CALLE ZEPITA 3139, BUENOS AIRES, ARGENTINA..... | Fiore Co. |
| AUSTRALIA..... | 31 REIBY PLACE, SYDNEY, NEW SOUTH WALES..... 189 KING STREET, MELBOURNE, VICTORIA..... 860 HAY STREET, PERTH, WESTERN AUSTRALIA..... | R. Towns & Co. Newell & Co., Pty., Ltd. Leslie & Co. |
| BRAZIL..... | RUA MAYRINK VEIGA No. 6, RIO DE JANEIRO..... | Norton, Megaw & Co. |
| CENTRAL AMERICA AND SOUTH AMERICA..... | | Clyde G. Pinney <i>Technical Representative</i> |
| CHILE AND BOLIVIA..... | VALPARAISO, CHILE..... | Wessel, Duval & Co. |
| CHINA..... | P. O. Box 265 SHANGHAI..... | Andersen, Meyer & Co., Ltd. |

FOREIGN REPRESENTATIVES AND AGENTS—(Continued)

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| COLOMBIA..... | APARTADO 129, BOGOTA..... | Vladimir Weltscheff |
| CUBA AND JAMAICA..... | APARTADO 43, SAGUA LA GRANDE, CUBA..... | Macfarlane Foundry & Honolulu Iron Works S/A |
| EUROPEAN CONTINENT 42 BIS BLVD. RICHARD- (Excluding Russia, Holland and Scandinavia)..... | LENOIR, PARIS..... | Paul Negrier |
| GREAT BRITAIN AND HOLLAND 26 VICTORIA STREET, LONDON, S. W. 1..... | | Davis & Lloyd |
| HAWAIIAN ISLANDS..... | HONOLULU..... P. O. Box 3470, HONOLULU..... | J. A. Good <i>Technical Representative</i> C. Brewer & Co., Ltd. |
| INDIA, BURMA AND CEYLON.. | 5 DALHOUSIE SQUARE, CALCUTTA..... | L. Brooke Edwards |
| JAPAN..... | YAESU BLDG., ROOM 525, MARUNOUCHI, TOKYO..... | Frazar & Co. |
| MEXICO..... | 2A VENUSTIANO CARRANZA 48, MEXICO CITY, D. F..... | Paul G. Cheatham |
| NEW FOUNDLAND..... | 154 DUCKWORTH STREET, ST. JOHNS..... | H. A. Walsh |
| NEW ZEALAND..... | P. O. Box 366, WELLINGTON..... | Philips & Pike, Ltd. |
| PERU..... | CALLE SAN JOSE 399, LIMA..... | Pedro Martinto |
| PHILIPPINES..... | MANILA..... | Pacific Commercial Co. |
| PUERTO RICO AND DOMINICAN BANK OF NOVA SCOTIA REPUBLIC..... | BLDG., SAN JUAN, P. R..... | R. Carrión |
| PORTUGAL..... | 1 AVENIDA 24 DE JULHO, LISBON..... | E. Pinto Basto & Co., Ltd. |
| SCANDINAVIA..... | TOLDBOGADEN No. 8, OSLO, NORWAY..... | Olav Belsheim |
| VENEZUELA, TRINIDAD AND LESSER ANTILLES..... | APARTADO 4, CARACAS, VENEZUELA..... | T. D. Drew-Bear & Company |

STANDARD STEEL WORKS COMPANY

Incorporated under the Laws of the State of Pennsylvania

OFFICERS

| | |
|-------------------------|------------------------------------|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | President |
| JOHN P. SYKES | Vice-President |
| FRANK K. METZGER | Vice-President and General Manager |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |
| CARLOS F. NOYES | Comptroller |

PLANT

BURNHAM, MIFFLIN COUNTY
PENNSYLVANIA

CRAMP BRASS AND IRON FOUNDRIES COMPANY

Incorporated under the Laws of the State of Delaware

OFFICERS

| | |
|-------------------------|-----------------------|
| GEORGE H. HOUSTON | Chairman of the Board |
| NORRIS H. SCHWENK | President |
| JAMES J. NELSON | Vice-President |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |

BALDWIN-SOUTHWARK CORPORATION

Incorporated under the Laws of the State of Delaware

OFFICERS

| | |
|-------------------------|------------------------------------|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | President |
| JOHN P. SYKES | Vice-President |
| WILLIAM H. HARMAN | Vice-President and General Manager |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |
| CARLOS F. NOYES | Comptroller |

PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

DE LAVERGNE ENGINE COMPANY

Incorporated under the Laws of the State of New York

OFFICERS

| | |
|-------------------------|-----------------------|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | President |
| WILLIAM H. HARMAN | Vice-President |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |

THE WHITCOMB LOCOMOTIVE COMPANY

Incorporated under the Laws of the State of Delaware

OFFICERS

| | |
|-------------------------|-----------------------|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | President |
| JOHN P. SYKES | Vice-President |
| HAROLD H. PERRY | Vice-President |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |

PLANT

ROCHELLE, ILLINOIS

THE PELTON WATER WHEEL COMPANY

Incorporated under the Laws of the State of California

OFFICERS

| | |
|-------------------------|----------------------------|
| GEORGE H. HOUSTON | Chairman of the Board |
| WILLIAM H. HARMAN | Vice-Chairman of the Board |
| EVERETT M. BREED | President |
| W. HORACE HOLCOMB | Vice-President |
| CHARLES E. ACKER | Treasurer |
| CHARLES D. MACGILLIVRAY | Secretary |

PLANT

SAN FRANCISCO, CALIFORNIA

THE MIDVALE COMPANY

Incorporated under the Laws of the State of Delaware

DIRECTORS

| | |
|----------------------|---------------|
| FRANCIS BRADLEY | Philadelphia |
| HARRY L. FREVERT | Philadelphia |
| STUART HAZLEWOOD | Philadelphia |
| GEORGE H. HOUSTON | Philadelphia |
| SYDNEY E. HUTCHINSON | Philadelphia |
| JAMES M. MILLIKEN | Philadelphia |
| THOMAS NEWHALL | Philadelphia |
| ARTHUR W. SEWALL | Philadelphia |
| W. HINCKLE SMITH | Philadelphia |
| JOHN P. SYKES | Philadelphia |
| SIDNEY F. TYLER | Philadelphia |
| SAMUEL M. VAUCLAIN | Rosemont, Pa. |
| JOSEPH WAYNE, JR. | Philadelphia |

OFFICERS

| | |
|-------------------------|-----------------------------------|
| SAMUEL M. VAUCLAIN | Chairman of the Board |
| GEORGE H. HOUSTON | Chairman, Executive Committee |
| HARRY L. FREVERT | President |
| FRANCIS BRADLEY | Vice-President |
| STUART HAZLEWOOD | Vice-President in Charge of Sales |
| CHARLES D. MACGILLIVRAY | Secretary |
| JAMES M. MILLIKEN | Treasurer and Assistant Secretary |

PLANT

NICETOWN, PHILADELPHIA

